

## Message Text

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ACTION EA-12

INFO OCT-01 ARA-14 ISO-00 SP-02 ICA-20 AID-05 EB-08  
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06  
LAB-04 SIL-01 AGRE-00 DOE-15 SOE-02 /134 W  
-----070185 151002Z /11

P 150935Z JUN 78  
FM AMEMBASSY TOKYO  
TO AMEMBASSY BRASILIA PRIORITY  
INFO SECSTATE WASHDC 8856  
AMCONSUL RIO DE JANEIRO  
AMCONSUL SAO PAULO

UNCLAS SECTION 01 OF 02 TOKYO 10953

E.O. 11652: NA  
TAGS: ETRD, EINV, EAGR, BR, JA  
SUBJECT: BRAZIL-JAPAN ECONOMIC RELATIONS

REF: BRAZILIA 3994

1. SUMMARY. BRAZILIAN ECONOMIC SEMINAR WAS HELD IN TOKYO ON MAY 30 AND 31. ABOUT 150 JAPANESE AND BRAZILIAN BUSINESSMEN AND BRAZILIAN GOVERNMENT REPRESENTATIVES PARTICIPATED IN SEMINAR, WHICH FOCUSED ON THREE MAJOR THEMES: LARGE-SCALE JOINT VENTURE PROJECTS, INVESTMENT OPPORTUNITIES IN BRAZIL, AND JAPAN-BRAZIL BILATERAL TRADE. TWO PENDING LARGE-SCALE PROJECTS, ALUMINUM SMELTER AND AGRICULTURAL DEVELOPMENT, MADE PROGRESS AS RESULT OF TALKS DURING SEMINAR BETWEEN JAPANESE AND BRAZILIAN INTERESTS. JAPANESE INTERESTS EXPRESSED PARTICULAR CONCERNS ABOUT BRAZILIAN NEW DISCRIMINATORY POLICY TOWARD FOREIGN CAPITAL. THERE WAS LITTLE PRESS COVERAGE, BUT JAPANESE REGARD BRAZILIAN DELEGATES' VISIT AS "HELPFUL FOR DEEPENING MUTUAL UNDERSTANDING." END SUMMARY.

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2. "BRAZILIAN ECONOMIC SEMINAR" CITED REFTTEL WAS HELD IN TOKYO ON MAY 30 AND 31 UNDER THE COSPONSORSHIP OF THE BRAZILIAN EMBASSY IN TOKYO AND JAPAN-BRAZIL ECONOMIC COMMITTEE OF FEDERATION OF ECONOMIC ORGANIZATIONS OF JAPAN (KEIDANREN). PARTICIPANTS INCLUDED MORE THAN ONE HUNDRED BUSINESSMEN REPRESENTING TRADING FIRMS, BANKS

AND MANUFACTURERS ON JAPANESE SIDE AND ABOUT FORTY GOVERNMENT OFFICIALS AND BUSINESSMEN ON BRAZILIAN SIDE. DETAILED DISCUSSIONS WERE HELD IN SIX SUB-COMMITTEES: ENERGY, MINERAL PRODUCTS, AGRICULTURE, INDUSTRIALIZATION AND TECHNOLOGY TRANSFER, FOREIGN CAPITAL INVESTMENT, AND FOREIGN TRADE.

3. AT MAY 30 PRESS CONFERENCE BRAZILIAN PLANNING MINISTER VELLOSO GAVE STATUS REPORT ON TWO LARGE-SCALE JOINT VENTURE PROJECTS, ONE FOR AN ALUMINUM SMELTING PLANT AND ONE FOR AGRICULTURAL DEVELOPMENT. HE INDICATED THAT FINAL SIGNING OF AGREEMENTS TO ESTABLISH THREE JOINT COMPANIES IN BRAZIL WOULD TAKE PLACE THERE IN JUNE. THE THREE JOINT VENTURES TO BE SET UP ARE "ALUNORTE," WHICH IS TO BUILD AND OPERATE THE ALUMINA PLANT; "ALBRAS," THE ALUMINUM SMELTING PLANT; AND A BRAZILIAN-JAPANESE JOINT COMPANY TO PROMOTE AGRICULTURAL DEVELOPMENT.

4. UNDER THE ALUMINUM PROJECT HE SAID, AN ALUMINUM SMELTING PLANT WITH ANNUAL CAPACITY OF 320,000 TONS AND AN ALUMINA PLANT WITH ANNUAL CAPACITY OF 800,000 TONS WILL BE SET UP IN THE SUBURBS OF BELEM BY 1982 AT ESTIMATED COST OF \$4 TO \$5 BILLION. AGRICULTURAL DEVELOPMENT PROJECT INVOLVES DEVELOPMENT OF 50,000 HECTARE FARM IN MINAS GERAIS STATE TO GROW SOYBEANS, UNCLASSIFIED

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CORN, WHEAT, COFFEE AND POSSIBLY MILO FOR DOMESTIC AND EXPORT USES, AND ALSO TO PROMOTE AFFORESTATION.

5. IN JAPANESE MEDIA, ONLY THE LEADING JAPANESE DAILY ECONOMIC NEWSPAPER, NIHON KEIZAI SHIMBUN, COVERED SEMINAR ITSELF, ALTHOUGH SEVERAL VERNACULAR AND ENGLISH LANGUAGE NEWSPAPERS CARRIED ARTICLES ON JOINT VENTURE DISCUSSIONS. NIHON KEIZAI SHIMBUN STRESSED CONCERN OF JAPANESE BUSINESSMEN PARTICIPANTS AT RECENTLY INTRODUCED BRAZILIAN RESTRICTIONS ON FOREIGN CAPITAL INVESTMENT AND DESCRIBED THESE AS "LIKELY TO CONTINUE TO BE A SERIOUS PROBLEM TO ECONOMIC RELATIONS BETWEEN JAPAN AND BRAZIL."

6. BRAZIL WELCOMES JAPANESE INVESTMENT, HE ADDED, IN SUCH SPECIFIC FIELDS AS IRON AND STEEL, PETROCHEMICALS, PAPER/PULP, NON-FERROUS METALS, CHEMICAL FERTILIZER AND AGRI-BUSINESS, AS WELL AS IN THOSE SECTORS WHERE NO BRAZILIAN COMPETITION EXISTS.

7. BRAZIL REQUESTS, VELLOSO SAID, THAT JAPAN IMPORT MORE BRAZILIAN PRODUCTS INCLUDING FARM PRODUCTS, AGRI-

BUSINESS EQUIPMENT, AND OTHER FINISHED INDUSTRIAL PRODUCTS. IN THIS CONNECTION VELLOSO ADDED THAT HIS COUNTRY IS PREPARED TO SIGN A LONG TERM CONTRACT WITH JAPAN TO CONTINUE TO SUPPLY IT WITH MINERALS AND FARM PRODUCTS, ALTHOUGH HE DID NOT INDICATE SPECIFIC ITEMS. (COMMENT: BRAZIL HAS A LONG TERM CONTRACT TO SUPPLY IRON ORE TO JAPAN.)

8. COMMENT. BRAZILIAN DELEGATION SEEMED TO HAVE TWO MAJOR PURPOSES: ONE, TO PUSH FORWARD THE TWO PENDING LARGE-SCALE PROJECTS AND THE OTHER, TO USE THE SEMINAR TO MAKE JAPANESE BUSINESS INTERESTS MORE FAMILIAR WITH BRAZIL. BRAZILIAN DELEGATION WAS REGARDED AS SUCCESSFUL

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IN ATTAINING BOTH OBJECTIVES DESPITE SLIGHTNESS OF PRESS COVERAGE.

9. BRAZILIAN DELEGATION WAS INEXPLICIT IN ITS REPLIES TO QUESTIONS ABOUT FUTURE EFFECTS OF BRAZILIAN FOREIGN CAPITAL POLICY. IN SEPARATE PRESS CONFERENCE COMMENT ON DEVELOPED COUNTRY INVESTMENT, VELLOSO DID OBJECT TO WHAT HE REPORTEDLY DESCRIBED AS ADVANCED NATIONS' NEW PLAN FOR "RESTRICTING TECHNOLOGY TRANSFER" TO MEDIUM ADVANCED NATIONS INCLUDING BRAZIL. MANSFIELD

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## Message Attributes

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